



## UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
[www.uspto.gov](http://www.uspto.gov)

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/929,886	08/15/2001	Anne E. Allen	09163-20901	9301
27171	7590	06/17/2009	EXAMINER	
MILBANK, TWEEDE, HADLEY & MCCLOY			CHENCINSKI, SIEGFRIED E	
1 CHASE MANHATTAN PLAZA			ART UNIT	PAPER NUMBER
NEW YORK, NY 10005-1413				3695
			MAIL DATE	DELIVERY MODE
			06/17/2009	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 09/929,886	<b>Applicant(s)</b> ALLEN ET AL.
	<b>Examiner</b> SIEGFRIED E. CHENCINSKI	<b>Art Unit</b> 3695

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
  - If no period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
  - Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
- Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(o).

#### Status

- 1) Responsive to communication(s) filed on 04 August 2008.
- 2a) This action is FINAL.      2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

#### Disposition of Claims

- 4) Claim(s) 12-15, 17-19, 21-24, 42, 43, 46-50, 52-57 and 87-89 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) Claim(s) \_\_\_\_\_ is/are allowed.
- 6) Claim(s) 12-15, 17-19, 21-24, 42, 43, 46-50, 52-57 and 87-89 is/are rejected.
- 7) Claim(s) \_\_\_\_\_ is/are objected to.
- 8) Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

#### Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on \_\_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.  
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

#### Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All    b) Some \* c) None of:  
 1. Certified copies of the priority documents have been received.  
 2. Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.  
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

#### Attachment(s)

- 1) Notice of References Cited (PTO-892)  
 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)  
 3) Information Disclosure Statement(s) (PTO/SB/08)  
 Paper No(s)/Mail Date \_\_\_\_\_
- 4) Interview Summary (PTO-413)  
 Paper No(s)/Mail Date \_\_\_\_\_
- 5) Notice of Informal Patent Application  
 6) Other: \_\_\_\_\_

## **DETAILED ACTION**

### ***Continued Examination Under 37 CFR 1.114***

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on April 20, 2009 has been entered.

### ***Applicant Admitted Prior Art***

2. Per MPEP 2129 - I, Applicant admitted prior art exists in the background section of Applicant's specification. Such admissions are valid as prior art references for claimed subject matter.

#### **2129 Admissions as Prior Art [R-6]**

##### **I. ADMISSIONS BY APPLICANT CONSTI-TUTE PRIOR ART**

A statement by an applicant >in the specification or made< during prosecution identifying the work of another as "prior art" is an admission \*\*>which can be relied upon for both anticipation and obviousness determinations, regardless of whether the admitted prior art would otherwise qualify as prior art under the statutory categories of 35 U.S.C. **102**. *Riverwood Int'l Corp. v. R.A. Jones & Co.*, 324 F.3d 1346, 1354, 66 USPQ2d 1331, 1337 (Fed. Cir. 2003); *Constant v. Advanced Micro-Devices Inc.*, 848 F.2d 1560, 1570, 7 USPQ2d 1057, 1063 (Fed. Cir. 1988).

In the instant case, the examiner cited Applicant's admissions on the record in the first Office Action on the merits mailed February 16, 2007.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Art Unit: 3695

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

**3. Claims 12-19, 23, 24, 42-50, 54 and 87-89 are rejected under 35 U.S.C. 101**

because the claimed invention is directed to non-statutory subject matter.

Independent claims 12, 23, 24, 42 54 and 87 recite a process comprising the steps of assigning, receiving, determining, exposing, executing, comparing, changing, allocating and updating. Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

The machine-or-transformation test is a two-branched inquiry; an applicant may show that a process claim satisfies § 101 either by showing that his claim is tied to a particular machine, or by showing that his claim transforms an article. See Benson, 409 U.S. at 70. Certain considerations are applicable to analysis under either branch. First, as illustrated by Benson and discussed below, the use of a specific machine or transformation of an article must impose meaningful limits on the claim's scope to impart patent-eligibility. See Benson, 409 U.S. at 71-72. Second, the involvement of the machine or transformation in the claimed process must not merely be insignificant extra-solution activity. See Flook, 437 U.S. at 590. (*In re Bilski*, En banc, U.S. Court of Appeals for the Federal Circuit, Washington, DC, Oct. 30, 2008).

These requirements must be present in each meaningful limitation step. Bilski makes it unacceptable to have such limitations in the preamble.

Applicant is advised to avoid new matter in complying with these requirements, and to refer to the locations of support in the specification when making such amendments.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

**4. Claims 12-15, 17-19, 21-24, 42, 46-48 and 52-57 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich et al. (US 6,173,270 B1, hereafter Cristofich), Applicant Admitted Prior Art (hereafter AAPA), Speech by SEC Commissioner Cynthia A. Glassman (Glassman), Young et al. (US Patent 6,393,409 B2, hereafter Young), Lupien et al. (US Patent 6,098,051, hereafter Lupien AND Braddock III (US Patent 4,412,287, hereafter Braddock)

**Re. Claims 12, 20-22,** Cristofich discloses a method, executable software, computer-readable medium and a programmed computer implemented at least partially in a programmed computer for automatically processing a securities order on a securities exchange directed at a stock option control and exercise system operated through a stock exchange. Cristofich does not explicitly disclose the narrow particulars of a method, executable software, computer-readable medium and a programmed computer for automatically processing a round lot securities order on a single securities exchange, the method comprising:

- assigning an execution allocation option to a security, wherein the execution allocation option is one of three options selected from the group consisting of allocate execution to crowd only, allocate execution to book only, or allocate a percentage of execution to crowd and allocate a percentage of execution to book;

Art Unit: 3695

- automatically receiving a the round-lot securities order for the security, after assigning the execution allocation option;
- automatically determining whether the securities order includes an indicator requesting automatic execution;
- exposing the order to an auction market of the single securities exchange for possible price improvement if the securities order does not include an indicator requesting automatic execution; and
- automatically executing at least a portion of the order at a quote price, without exposing the order for possible price improvement, if the securities order includes an indicator requesting automatic execution;
- automatically determining the assigned execution allocation option; and
- after automatically executing at least a portion of the order, automatically allocating shares of the automatic execution among contra parties according to the assigned execution allocation option.

Further, AAPA discloses in the specification:

- an auction market on the floor of an exchange (p. 1, ll. 16-17);
- a limit order and a market order (p. 1, ll. 16-17);
- price improvement potential through competition among the crowd on the market floor (p. 1, ll. 18-20);
- an electronic specialist display book (p. 1, l. 22);
- an opportunity to execute an order against other electronic orders on the specialist display book (p. 1, ll. 20-24);
- interest on the part of some investors and institutions in having a transaction execute at a known price (p. 1, ll. 24-25);
- interest on the part of some investors and institutions in having a transaction execute at a known price while foregoing an opportunity for possible price improvement on the auction floor (p. 1, ll. 24-25);

Art Unit: 3695

- the desirability on the part of some investors and institutions in having a transaction execute at a known price if the transaction will execute in a more timely fashion than is available with the traditional auction transaction (p. 2, ll. 1-2).
- an auction market crowd (page 1, ll. 16-24).

The stock exchanges apply detailed guidelines for the execution of the trading responsibility of their members. Applicant's specification defines at least some embodiments of the invention which involve a customer's specifying "automatic execution" of an order as related to a customer's limit order (specification, p. 20, ll. 7 – p. 21, l. 3). In this embodiment, the transaction executes in the same manner as a limit order without Applicant's "indication" through an 'NX" designation for the transaction prior to Applicant's invention. The price of the limit order would be the same with or without Applicant's invention. If the specialist has offers in hand which are equal to or better than the customer's limit price and if the other parameters of the customer's order are satisfied in all respects the order would execute without going to the floor.

Applicant's designation by the customer of "automatic execution" of the order in the claimed limitations and as supported by the specification would be a convenience which has no substantive role in the process or method. In other words, an automatic indication symbol such as "NX" is non-functional descriptive material in the context of patentability. The indication and the indicator symbol may well be a convenience with positive marketing appeal, but it does not receive patentable weight.

Cristofich discloses a method, executable software, computer-readable medium and a programmed computer for:

- automatically receiving a securities order (Col. 9, l. 19-20), the securities order including an indicator requesting automatic execution (Cristofich discloses the fulfilling of customer requests - Col. 3, l. 47. It would have been obvious to an ordinary practitioner to offer automatic execution and to fulfill such a request when so made.); and
- automatically executing at least a portion of the order at a quote price (Cristofich, Col. 9, ll. 15-20) without exposing the order for possible price improvement. (It is implicit

Art Unit: 3695

in Cristofich to automatically fulfill customer orders at a quote price when a customer's conditions are met, such as when the customer's buy price is met by a quote price. – Col. 9, ll. 15-20. It is implicit that no attempt is made to expose the order for possible price improvement).

Young discloses the trading of round lots (Col. 2, l. 19).

Lupien discloses assigning an allocation option to book only (Col. 5, ll. 55-63; Col. 11, ll. 52-58; Col. 21, ll. 53-57).

Braddock discloses exposing the order to an auction market of the single securities exchange for possible price improvement if the securities order does not include an indicator requesting automatic execution (abstract – l. 1; Col. 1, ll. 34-37).

The ordinary practitioner of the art at the time of applicant's invention would have seen it as obvious to receive a securities order after assigning an allocation option and determining the assigned allocation option and automatically allocating shares among contra parties after a partial execution since he would have known each of these steps as part of the securities trading process. Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien and Braddock to provide a method, executable software, computer-readable medium and a programmed computer implemented at least partially in a programmed computer for automatically processing a securities order on a securities exchange directed at a stock option control and exercise system operated through a stock exchange, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claims 13-15**, Cristofich discloses wherein the securities order is a limit order (Col. 11, ll. 4-5) or a market order (Col. 10, ll. 23-25), and an execution report (Col. 10, ll. 15-17).

**Re. Claim 17**, Cristofich does not explicitly disclose at least partially fulfilling the order from a display book order. However, AAPA discloses at least partially fulfilling the order from a display book order. Therefore, an ordinary practitioner of the art at the time of

Art Unit: 3695

Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including the step of at least partially fulfilling the order from a display book order, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 18**, please see the rejection of claim 16 regarding automatically executing an order without going to counter parties and/or the market crowd. AAPA discloses fulfilling an order through an auction market crowd by fulfilling the order from one's own inventory. It would have been obvious at the time of Applicant's invention to fulfill an order partially through a counter party such as potentially identified from an auction market crowd. Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including the step of at least partially fulfilling the order from an auction market crowd after automatically executing the order, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 19**, neither Cristofich nor AAPA or Glassman explicitly disclose at least partially fulfilling the order from a display book order after automatically executing the order. However, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to at least partially fulfill the order from a display book order (see the rejection of claim 17) after automatically executing the order (see the rejection of claim 16 and 18). Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including the step of at least partially fulfilling the order from a display book order after automatically

executing the order, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 23,** Cristofich does not explicitly disclose the narrow particulars of a method, executable software, computer-readable medium and a programmed computer implemented at least partially in a programmed computer for automatically processing a limit buy or sell order for a security on a single securities exchange with an auction market crowd, the method comprising:

- assigning an execution allocation option to the security, wherein the execution allocation option is one of three options selected from the group consisting of allocate execution to crowd only, allocate execution to book only, or allocate a percentage of execution to crowd and allocate a percentage to book;
- automatically receiving the round-lot limit order for the security, after assigning the execution allocation option;
- automatically determining whether the limit order includes an indicator requesting automatic execution;
- automatically determining whether the limit order qualifies for automatic execution;
- exposing the limit order to the auction market crowd for possible price improvement if the limit order does not include an indicator requesting automatic execution, or if the limit order does not qualify for automatic execution;
- automatically executing at least a portion of the limit order against a respective offer or bid for the security, without exposing the limit order to the auction market crowd for possible price improvement, if the limit order includes an indicator requesting automatic execution and if the limit order qualifies for automatic execution;
- automatically determining the assigned execution allocation option; and
- after automatically executing at least a portion of the order, automatically allocating shares of the automatic execution among contra parties according to the assigned execution allocation option.

Please see the rejection of claims 12, 20-22 regarding the rejection of limitations related to the assignment of allocation options to book only, round lots, and related automatic executions and allocations.

Further, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Braddock discloses exposing the order to an auction market of the single securities exchange for possible price improvement if the securities order does not include an indicator requesting automatic execution (abstract – I. 1; Col. 1, II. 34-37).

to provide a method for automatically processing a securities order on a securities exchange as discussed in the rejection of claim 12 above. Further AAPA discloses limit orders (with sell and buy order implicit). Also, Glassman discloses the fiduciary responsibilities of securities brokers. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including limit buy or sell orders, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, II. 29-33).

**Re. Claim 24,** Cristofich does not explicitly disclose the narrow particulars of a method, executable software, computer-readable medium and a programmed computer implemented at least partially in a programmed computer for automatically processing a round-lot market buy or sell order for a security on a single securities exchange with an auction market crowd, the method comprising:

- assigning an allocation option to the security, wherein the allocation option is one of three options selected from the group consisting of allocate to crowd only, allocate to book only, or allocate a percentage to crowd and allocate a percentage to book;
- automatically receiving the round-lot market order for the security, after assigning the allocation option;

Art Unit: 3695

- automatically determining whether the market order includes an indicator requesting automatic execution;
- automatically determining whether the market order qualifies for automatic execution;
- exposing the market order to the auction market crowd for possible price improvement if the market order does not include an indicator requesting automatic execution, or if the market order does not qualify for automatic execution;
- automatically executing at least a portion of the market order against a respective offer or bid for the security, without exposing the market order to the auction market crowd for possible price improvement, if the market order includes an indicator requesting automatic execution and the market order qualifies for automatic execution;
- determining the assigned allocation option; and
- after automatically executing at least a portion of the order, automatically allocating shares of the automatic execution among contra parties according to the assigned allocation option.

Please see the rejection of claims 12, 20-22 regarding the rejection of limitations related to the assignment of allocation options to book only, round lots, and related automatic executions and allocations.

Further, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically processing a securities order on a securities exchange as discussed in the rejection of claim 12 above. Further AAPA discloses market orders (with sell and buy order implicit). Also, Glassman discloses the fiduciary responsibilities of securities brokers. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including market buy or sell orders, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the

transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claims 42, 52 & 53,** Cristofich does not explicitly disclose the narrow particulars of a method, executable software, computer-readable medium and a programmed computer implemented at least partially in a programmed computer for processing a round-lot securities order on a single securities exchange, the method comprising:

- assigning an execution allocation option to a security, wherein the execution allocation option is one of three options selected from the group consisting of allocate execution to crowd only, allocate execution to book only, or allocate a percentage of execution to crowd and allocate a percentage to book;
- automatically receiving the round-lot securities order for the security, after assigning the execution allocation option;
- automatically determining whether the securities order includes an indicator requesting automatic execution and a price of the order;
- exposing the securities order to an auction market of the single securities exchange for possible price improvement if the securities order does not include an indicator requesting automatic execution, wherein exposing the securities order to an auction market of the single securities exchange for possible price improvement is a regular execution;
- automatically comparing the price of the order to a quote if the securities order includes an indicator requesting automatic execution;
- automatically changing the status of the order from automatic execution to regular execution if the securities order includes an indicator requesting automatic execution and the price of the order is not equal to or better than the quote;
- automatically executing the order on an auction market of the securities exchange if the securities order includes an indicator requesting automatic execution and the price of the order is equal to or better than the quote;
- automatically determining the assigned execution allocation option; and

Art Unit: 3695

- after automatically executing the order, automatically allocating shares of the automatic execution among contra parties according to the assigned execution allocation option.

Please see the rejection of claims 12, 20-22 regarding the rejection of limitations related to the assignment of allocation options to book only, round lots, and related automatic executions and allocations.

However, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically executing and processing a securities order on a securities exchange as discussed in the rejection of claim 12 above, and to see an implicit comparing step involved in validating an order for automatic execution. Also, Glassman discloses the fiduciary responsibilities of securities brokers. Further, AAPA discloses limit orders and market orders (with sell and buy orders implicit). It would have been obvious to change the status of an order from automatic execution to regular execution if the price of the order is not equal to or better than the quote since normally a brokerage firm is in business to make a profit. Disregarding the subject of commissions charged for trades, a buy order in this instance set for automatic execution which is not equal to or better than a quote would produce a loss for the brokerage firm, thus forcing the order to be changed from automatic to regular execution. Regular execution in the trading of securities means seeking counter parties who are willing to accept this buy order at the offered buy price. Such a fixed buy price is otherwise called a limit buy order, since it is not a market buy order which will pay any price offered by a seller during the customer authorized time period of the market buy order. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including changing the status of the order from automatic execution to regular execution if the price of the order is not equal to or better than the quote, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of

securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 46**, Cristofich discloses sending an execution report for the order (Col. 10, ll. 15-17).

**Re. Claims 47 and 48**, Cristofich does not explicitly disclose:

**Re. Claim 47**, at least partially fulfilling the order from a display book order.

**Re. Claim 48**, comprising at least partially fulfilling the order with an order from an auction market crowd.

**However:**

**Re. Claim 47**, at least partially fulfilling the order from a display book order (please see the rejection of claim 17).

**Re. Claim 48**, AAPA discloses at least partially fulfilling the order with an order from an auction market crowd (page 1, ll. 16-24).

Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien and Braddock to provide a method for automatically processing a securities order on a securities exchange, including exposing the order to an auction market crowd for possible price improvement, executing the order on an auction market of the securities exchange, at least partially fulfilling the order from a display book order and at least partially fulfilling the order with an order from an auction market crowd, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 54**, neither Cristofich, AAPA or Glassman explicitly disclose the exact detailed sequence of a method implemented at least partially in a programmed computer for processing a round-lot securities order on a single securities exchange, the method comprising:

- assigning an execution allocation option to a security, wherein the execution allocation option is one of three options selected from the group consisting of allocate execution to crowd only, allocate execution to book only, or allocate a percentage of execution to crowd and allocate a percentage of execution to book;

Art Unit: 3695

- receiving the round-lot securities order for the security, after assigning the execution allocation option;
- determining whether the securities order includes an indicator requesting automatic execution and a size of the order;
- exposing the securities order to an auction market of the single securities exchange for possible price improvement if the securities order does not include an indicator requesting automatic execution, wherein exposing the securities order to an auction market of the single securities exchange for possible price improvement is a regular execution;
- automatically comparing the size of the order to a respective interest in the security if the securities order includes an indicator requesting automatic execution;
- automatically changing the status of at least a portion of the order from automatic execution to regular execution if the securities order includes an indicator requesting automatic execution and the size of the order is greater than the interest;
- automatically executing at least a portion of the order on an auction market of the securities exchange;
- automatically determining the assigned allocation option; and
- after automatically executing at least a portion of the order, automatically allocating shares of the automatic execution among contra parties according to the assigned execution allocation option.

Please see the rejection of claims 12, 20-22 regarding the rejection of limitations related to the assignment of allocation options to book only, round lots, and related automatic executions and allocations.

Further, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich and AAPA to provide a method for automatically processing and executing a securities order on a securities exchange as discussed in the rejection of claims 12 and 42 above, and to see an implicit comparing step involved in validating an order for automatic execution. Further, AAPA discloses limit orders and market orders (with sell and buy orders implicit). It

would have been obvious to change the status of an order from automatic execution to regular execution if the respective interest in the security does not meet the size of the security being offered, since no exact matching counter party offer is available for automatic execution. Some examples of this condition will exist if the respective interest is for a smaller quantity or an interest has made itself known for a larger quantity which is unwilling to buy a partial quantity. The ordinary practitioner would have seen it as obvious that the order had to be changed from automatic to regular execution. Therefore, it would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien and Braddock to provide a method for converting automatic processing of a securities order to regular processing on a securities exchange, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claim 55**, please see the rejections of claims 12 and 42 above.

**Re. Claims 56 & 57**, please see the rejections of claims 13 and 14 above.

**5. Claims 43 & 49 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich, AAPA, Glassman, Young, Lupien and Braddock as applied to claim 42 above, and further in view of Madoff.

**Re. Claims 43 & 49**, none of Cristofich, AAPA, Glassman, Young, Lupien or Braddock explicitly disclose wherein:

**Re. Claim 43**, the securities order further includes a size, changing the status of at least a portion of the order from automatic execution to regular execution if the size is greater than the interest.

**Re. Claim 49**, the quote includes a best bid price for the security, the securities order is a sell order and the price of the order is greater than the best bid price. However, Madoff discloses that auctioning of financial products "involves entering order for products with price, quantity and exposure time is matched with response in accordance with the order's exposure time" (Abstract, ll. 4-7).

**Re. claim 43**, it would have been obvious to an ordinary practitioner that an order received for automatic execution must receive an offer for the same or lower price, the same or lower quantity, and must be received within the time specified unless it is an open order until it is filled.

**Re. claim 49**, the ordinary practitioner would have seen it as obvious that a sell order priced above the best bid price could not be processed for automatic execution because it would have to go to the market similar to the buy order in claim 43 above which is priced under the market.

**Therefore, re. Claims 43 & 49**, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien, Braddock and Madoff to provide a method for automatically processing a securities order on a securities exchange, including the step of changing the status of at least a portion of the order from automatic execution to regular execution if the size is greater than the interest, or a sell order has a price which is greater than the best bid price, motivated by a desire to provide an automated auction system for trading products such as equity securities (Madoff, p. 1, [0001]).

**6. Claim 50 is rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich, AAPA, Glassman, Young, Lupien and Braddock as applied to claim 42 above, and further in view of Wilton et al. (US patent 6,519,574 B1, hereafter Wilton).

**Re. Claim 50**, none of Cristofich, AAPA, Glassman, Young, Lupien or Braddock explicitly disclose the exact wording of a quote includes a best offer price for the security, the securities order is a buy order and the price of the order is less than the best offer price. However, Wilton discloses a quote includes a best offer price for the security, the securities order is a buy order and the price of the order is less than the best offer price (Col. 10, ll. 7-17). Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have used the disclosures of Cristofich, AAPA, Glassman, Young, Lupien, Braddock and Wilton to provide a quote includes a best offer price for the security, the securities order is a buy order and the price of the order is less than the best offer price, including the step of identifying at least

one particular contra side for the order after automatically executing the order, motivated by a desire to provide trading data which includes bid and/or offer information input by the trading entity and displaying such data to the trading entity for the purpose of detecting trading opportunities According to various trading parameters established by the trader (Wilton, Abstract – II. 1-14).

**7. Claims 87-89 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Cristofich in view of AAPA, Glassman, Young, Lupien and Hasbrouck, Sofianos and Sosebee (New York Stock Exchange Systems and Trading Procedures, NYSE Working Paper #93-01, Draft 1.2 April 27, 1993, hereafter Hasbrouck).

**Re. Claim 87,** Cristofich does not explicitly disclose the narrow particulars of a method implemented at least partially in a programmed computer for automatically processing a round-lot securities order on a single securities exchange with an auction market crowd, the method comprising:

- assigning an execution allocation option to a security, wherein the execution allocation option is one of three options selected from the group consisting of allocate execution to crowd only, allocate execution to book only, or allocate a percentage of execution to crowd and allocate a percentage of execution to book;
- automatically receiving the round-lot securities order for the security, after assigning the execution allocation option;
- automatically determining whether the securities order is identified for automatic execution;
- exposing the securities order to the auction market crowd for possible price improvement if the securities order is not identified for automatic execution;
- automatically executing the securities order transaction against a published quote if the securities order is identified for automatic execution;
- automatically updating the published quote based on the order if the securities order was automatically executed against the published quote;

- automatically determining the assigned execution allocation option; and
- after automatically executing the order automatically allocating shares of the automatic execution among contra parties according to the assigned execution allocation option.

However, please see the rejection of claim 12 regarding:

- assigning an execution allocation option to a security, wherein the execution allocation option is one of three options selected from the group consisting of allocate execution to crowd only, allocate execution to book only, or allocate a percentage of execution to crowd and allocate a percentage of execution to book;
- automatically receiving the round-lot securities order for the security, after assigning the execution allocation option;
- automatically determining whether the securities order is identified for automatic execution;
- exposing the securities order to the auction market crowd for possible price improvement if the securities order is not identified for automatic execution;
- automatically determining the assigned execution allocation option; and
- after automatically executing the order automatically allocating shares of the automatic execution among contra parties according to the assigned execution allocation option.

The rejection of claim 12 does not explicitly deal with

- automatically executing the securities order transaction against a published quote if the securities order is identified for automatic execution;
- automatically updating the published quote based on the order if the securities order was automatically executed against the published quote;

Also. Hasbrouck discloses published quotes (page 13, l. 13). Therefore, an ordinary practitioner of the art at the time of Applicant's invention would have seen it as obvious to have combined the disclosures of Cristofich, AAPA, Glassman, Young, Lupien, Braddock and Hasbrouck in order to provide a method for automatically processing a

securities order on a securities exchange with an auction market crowd, motivated by a desire to provide a data processing method and system for managing individual accounts directed to the transacting of securities transactions with pre-established criteria (Cristofich, Col. 2, ll. 29-33).

**Re. Claims 88 & 89**, it is implicit in exchange procedures that a size of the published quote after updating reflects a size of the order or wherein a size of the published quote after updating represents a minimum quote size, but does not necessarily reflect a size of the transaction.

***Response to Arguments***

8. Applicant's arguments filed April 20, 2009 regarding claims 12-15, 17-19, 21-24, 42, 43, 46-50, 52-57 and 87-89 have been fully considered but they are moot in view of the new ground(s) of rejection.

***Conclusion***

9. Any inquiry concerning this communication or earlier communications from the Examiner should be directed to Siegfried Chencinski whose telephone number is (571)272-6792. The Examiner can normally be reached Monday through Friday, 9am to 6pm.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, Charles Kyle, can be reached on (571) 272-6746.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Any response to this action should be mailed to:

*Commissioner of Patents and Trademarks, Washington D.C. 20231*

or (571)273-8300 [Official communications; including After Final communications labeled "Box AF"]

Art Unit: 3695

or (571) 273-6792[Informal/Draft communications, labeled "PROPOSED DRAFT"]

Hand delivered responses should be brought to the address found on the above USPTO web site in Alexandria, VA.

SEC

June 16, 2009

/Narayanswamy Subramanian/  
Primary Examiner, Art Unit 3695